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5 Features that Appeal to Young Professionals

KEEPE
Demand from millennials and young professionals with higher incomes are major drivers of the current rental market. Rental properties can easily be redeveloped or rebranded to include target-market needs and amenities.

If your property wants to target young professionals, here are 5 rental features that are emerging trends.

ACCESS TO CENTER-CITY JOBS

Easy travel to the main city center is a key factor for young professional renters. Short commutes to town centers and multiple transportation options can boost interest in your rental.

COMPETITIVE RENTAL PRICES

Young professionals are not very price-sensitive, but in a competitive market, it's important to be sensitive to your competitors' rates and take into account what other amenities they

See '5 Rental' on Page 3

Oregon Senate Bill Aims To Set Rent Control Limits On Landlords

RENTAL HOUSING JOURNAL

A bill in the Oregon Senate, SB 608, would limit landlords to a 7 percent rent increase each year and essentially ban no-cause evictions after a year.

Oregon Gov. Kate Brown has signaled her support for the bill. Brown believes those ideas "are innovative and will give renters some peace of mind," spokeswoman Kate Kondayen told Oregon Public Broadcasting.

Powerful House and Senate leaders have lined up behind the bill which looks to pass in this legislative session.

"Speaker Tina Kotek (D-Portland) and Sen. Ginny Burdick (D-Portland) have innovative proposals that will give renters some peace of mind. Oregon families are counting on us. They are counting on us so they don't have to make a choice between paying the rent and staying home

Oregon Gov. Kate Brown says a proposed bill advocating limits on rent control contains ideas that "are innovative and will give renters some peace of mind," according to a spokesperson.



with their newborn," the governor said.

House Speaker Kotek proposed in 2017 to eliminate no-cause evictions and lift the state's 1985 ban on rent control, allowing cities to create their own rent control policies. That effort failed in the Senate after passing in the House.

"We need to make progress here," Kotek told OregonLive. "So we needed to have a bill that could get support in the Senate."

Portland Mayor Ted Wheeler has endorsed the concept of the bill but said **See 'Bill' on Page 4**

Legislation Seeks to Ban 'Pet Rent'

RENTAL HOUSING JOURNAL

Saying it unfairly penalizes animal and pet owners, legislators in Oregon have introduced a bill to ban landlords from charging pet rent.

Three Oregon legislators — Reps. Rob Nosse (D-Portland), Karin Power (D-Milwaukie), and Tawna Sanchez (D-Portland) — have filed a bill that proposes to outlaw pet rent, according to The Oregonian's Gordon Friedman, who first spotted the bill.

"I understand the importance of deposits to account for possible tenant pet damage," Power told Willamette Week, "but pet rent unfairly increases a tenant's cost to rent without any causal relationship to the impact that their pet may or may not have on the premises.

"Pet rent simply penalizes pet ownership



by charging a premium to those tenants, and can be exorbitant — more than a few hundred dollars a year."

House Bill 2683 would prohibit landlords that allow pets from charging tenants additional rent or fees based on possession of pets.

The bill states a landlord may not increase the rent or charge to a tenant a one-time, monthly or other periodic amount based on the tenant's possession

of a pet.

If the bill passes it would "only apply to rental agreements that are entered into, renewed or modified on or after the effective date."

The bill defines rent as "any payment to be made to the landlord under the rental agreement, periodic or otherwise, in exchange for the right of a tenant [and any permitted pet] to occupy a dwelling unit to the exclusion

of others and to use the premises." "Rent" does not include security deposits, fees or utility or service charges.

The bill also defines a security deposit as a "refundable payment or deposit of money, however designated, the primary function of which is to secure the performance of a rental agreement or any part of a rental agreement." "Security deposit" does not include a fee.

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Here’s How the Wealthiest Real Estate Agents Structure Their Businesses

By **MICHAEL BOWMAN, ESQ.**

Real estate agents who are also real estate investors (we will call them “agent-investors” in this article) must carefully segregate their activities to maximize the tax benefits and liability protection available to them under the law. The three primary activities agent-investors engage in are: selling (as a real estate agent), investing (buying, selling and renting their investments) and managing (operating their investment properties). This article will discuss how agent-investors may use different business entities to segregate their activities in order to maximize their tax benefits and liability protection under the law.

SELLING: USE AN S CORPORATION

Not every state allows real estate agents to use professional corporations (also called professional service corporations) in their real estate agent businesses, but many do. If you are a real estate agent in a state that allows you to use a professional corporation, then you should do so and elect for the entity to be taxed as an S corporation with the IRS for two main reasons.

First, limited liability protection. Using a professional corporation in your real estate agent business segregates those activities from your other activities. Therefore, if your professional corporation gets sued by a vendor (let’s say a social media marketing company) and loses, then the judgment creditor cannot try to recover by going after your home or your rental properties because those assets are owned by other “persons” (your home is owned by you individually and your real estate investments will be owned by your LLCs).

The second reason to use a professional corporation is so you can take advantage of profit distributions. Real estate agents are responsible for paying self-employment (Social Security and Medicare) taxes. The amount of these taxes is normally about 15.3% of your income. However, if you operate your business using an S corporation (after filing a Form 2553 with the IRS), then instead of classifying all of your income as salary subject to the 15.3% self-employment tax, you may classify a portion of your income as profit distributions instead and avoid the 15.3% self-employment tax on those amounts.

INVESTING: USE A LIMITED LIABILITY COMPANY

A limited liability company (“LLC”) is an excellent real estate investment tool. You probably have a basic understanding as to why, but many investors don’t have a good grasp on the difference between inside and outside protection, so let’s go over it together.

LIMITED LIABILITY: INSIDE PROTECTION AND OUTSIDE PROTECTION

Your LLC is an entity separate from you under the law, even if you are the sole member. Therefore, when you use an LLC to own your real estate investments you will have limited liability protection, meaning that you will not be held personally responsible for the LLC’s obligations and liabilities.

Basically this means if a tenant is injured on your property and wins a large judgment, that judgment will be against your LLC and not against you individually. Therefore, your LLC’s judgment creditor, will not be able to take your real estate agent business or your personal residence to satisfy their judgment. They will also not be able to recover against other properties you own through other LLCs.

This type of limited liability protection is known as inside protection because it refers to liabilities that arise from inside the LLC (from the property investment owned by the LLC). This is what most advisors and investors are referring to when they talk about limited liability protection.

There is second kind of limited liability protection called outside protection, which most people are not

familiar with. Outside protection pertains to liabilities that arise from outside the LLC (not related to the LLC or the investment property owned by the LLC). Instead, the liability arises directly from you.

A good example would be if you were involved in a car accident and the other driver won a large judgment against you for personal injuries. In most states, the courts will allow the judgment creditor to recover from all of your personal assets to satisfy their judgment, including by taking your ownership interest in your LLCs. That is not the case for a Nevada or Wyoming LLC though.

Nevada and Wyoming laws will only allow your personal judgment creditor to obtain distributions paid to you from your LLCs via a charging order, but they do not allow your judgment creditor to take your ownership interest in your LLCs. Therefore, Plaintiff’s lawyers are more likely to settle more quickly when they learn that your real estate is owned by a Nevada or Wyoming LLC.

There are certain strategies that you must implement as to where to form and register your investment LLCs (you shouldn’t form them in Nevada or Wyoming and then simply register them in your home state) and whether your LLCs are manager-managed or member-managed to maximize your privacy and limited liability protections under the law. We talk about those strategies in more detail in our other articles and videos. Please allow us to help you with this.

MAINTAIN COMPANY FORMALITIES

If you use an LLC, then you must treat it as a separate entity (this same rule applies to your professional corporation and your management corporation as well). Plaintiffs may look to “pierce the corporate veil” and ignore your LLC in order to recover from your personal assets, i.e., defeat inside protection.

Here are three quick tips to avoid a court piercing your LLC’s corporate veil:

1. Sign all of your LLC’s contracts as your LLC, not as you.
2. Open a separate bank account for your LLC. Don’t commingle your personal funds with the LLC’s funds.
3. Hold regular meetings and document them with minutes and resolutions. All documentation should be filed and kept with the company’s other records.

A SEPARATE LLC FOR EACH PROPERTY?

Some landlords own multiple properties and wonder whether they should form a separate LLC for each one. How many LLCs you use is really a matter of your own unique tolerance for risk. Of course, each time you form an LLC you will increase the administrative costs involved (formation and renewal fees, bank accounts, books and records, etc.). In general, we advise clients to keep high-performing assets with good cash flow separate from lower-performing assets with not as good cash flow.

Though we will not discuss it in detail here, it is worth mentioning that some states allow for the creation of Series LLCs. A Series LLC is a relatively new type of entity that allows an owner to create an unlimited number or series of LLCs within the main LLC. Each series LLC within the original LLC operates as a separate entity with its own name, bank account, EIN, books and records, etc. The Series LLC may be a good option for investors who own multiple investment properties but want to avoid forming a separate LLC for each property they own.

MANAGING: USE A MANAGEMENT CORPORATION

If you hire a manager to manage your investment property, the money you pay them will be a deductible expense to your LLC, but you will lose control over

those funds once they are paid. If you are able to manage your own investment properties, then you should use a management corporation to maximize your control over the money you spend on property management services. Here are the basics.

CREATE A C CORPORATION

Form a C corporation which is owned by you as the shareholder, to act as the manager of the real estate investments owned by your LLCs. A C corporation is different from an S corporation in the way it is taxed, which you may be familiar with.

AVOID PAYING YOURSELF DIVIDENDS FROM THE C CORPORATION

Most investors and their advisors assume that small business owners should always use an S corporation rather than a C corporation to avoid the double taxation that occurs when a small business owner pays himself a distribution or dividend out of his C corporation. If you pay yourself dividends out of your C corporation, then that common assumption might be true, but Anderson Advisors does not advise its clients to pay dividends to themselves out of their C corporations. Instead, we help our clients plan on how they may spend all of the C corporation’s money so that none of it is paid out to shareholders as dividends. This will allow you to retain control over the money that you pay to your management corporation and still receive the advantage of being able to expense the management fees to your LLCs.

SUBSTANCE AND DOCUMENTATION

To avoid IRS trouble with your management corporation, your goal will be to create a bona fide management entity that is not a sham company created solely to bypass the tax laws. Here is how you do it.

The management fees must be reasonable. The management fees must be comparable to the management fees your LLCs would have otherwise paid to a bona fide third-party property manager in an arm’s length transaction. In other words, your LLCs should be paying your management corporation market rates.

You must have a bona fide business purpose. Bona fide business purposes for using a management corporation include: limited liability protection; centralizing and simplifying the collection of rents from multiple landlord LLCs; minimizing accounting and bookkeeping costs; providing a true service that would otherwise be provided by third parties (your management corporation will do actual work, collecting the rents from your investment properties and performing other duties just like a third party unrelated property management company would do for your LLCs). Your management corporation must perform actual services.

You do not want it to appear that tax reduction was your primary motivation in creating the management corporation structure. Your LLCs should enter into written contracts with your management corporation just like you would with any third-party property manager. You must document the work your management corporation does for your LLCs by keeping detailed logs (e.g., date, description of work, time spent, etc.). As we discussed above with regard to your LLCs, your management corporation must also carefully maintain its entity formalities by keeping accurate accounting and business records, holding meetings and keeping minutes, maintaining separate bank accounts, etc.

This article covers just a few tax and liability planning tips applicable to agent-investors. Let us help you maximize the potential tax and liability protection advantages available to you.

The legal, business, and tax professionals at Anderson Advisors would be happy to discuss your current circumstances and investment goals with you to help you decide how to best organize your business. Contact us today for a consultation at 800-706-4741 or visit us at www.andersonadvisors.com.

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Are You Ready and Willing to Step up as a Volunteer to Help Keep Our Organization Moving Forward?

– **Unknown**

Ken Schriver, RHA Oregon President

Similarly, renters are demanding a co-living environment where they can entertain but also work. A common space for co-working and remote office work is an important element that this demographic desires.



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Are You Subconsciously Discriminating Against Tenants With Limited English Proficiency?

By ELLEN CLARK

Do you only let tenants submit maintenance tickets in English?

Do you prioritize requests from those who speak English over those who do not because it is easier and quicker?

Do you provide poor translations of leases because it is easy and cheap?

Suddenly, whether you meant to or not, you’ve essentially discriminated based on national origin, which is illegal under the Fair Housing Act.

It is estimated that more than 25 million people in the United States have limited English proficiency or LEP.

A person with limited English proficiency may not speak, read, write, or understand English as well as a person who grew up with English as their first language.

About 80% of LEP people in the United States in 2013 were born in a foreign country. Being from another country does not automatically mean a person has LEP, of course, but there is a strong connection between LEP and national origin.

Why is this important?

Imagine you have a policy or practice that treats LEP people differently:

grace hill

TRAINING TIP OF THE MONTH

- Maybe you only let residents submit maintenance tickets in English to make things easier on your maintenance staff.
 - Perhaps you translate leases and other documents with Google translate because it is free and you can’t afford a good translator.
 - Maybe you take resident maintenance requests out of order so someone who speaks the same language can help an LEP customer.
- Remember the statistic mentioned earlier that about 80% of LEP people in the United States in 2013 were born in a foreign country? This means four out of five people affected by the policy or practice that treats LEP people differently will be people born in other countries.
- So how can you avoid policies and practices that have a disparate impact on people who are LEP? Here’s what HUD

80% of people in the U.S. with limited English proficiency in 2013 were born in a foreign country. This means four out of five people affected by the policy or practice that treats LEP people differently will be people born in other countries.

recommends:

- Never refuse to work with people who are not fluent in English. Claiming you don’t have the resources won’t hold up as a justification for your actions.
- Treat everyone the same, regardless of whether they have difficulty speaking English or speak with an accent.
- Allow enough time for prospects to review leases and other documents, particularly those who may need to translate it to review it properly.
- Don’t provide poor translations. Your intentions might be good, but a poor translation can be confusing and misleading.
- Don’t restrict the languages that can be spoken in your community. An “English Only” mandate is unnecessary, unwelcoming, and discriminatory.



Ellen Clark is the Director of

Assessment at Grace Hill. Her work has spanned the entire learner lifecycle, from elementary school through professional education. She spent over 10 years working with K12 Inc.’s network of online charter schools, and later, at Kaplan Inc., she worked in the vocational education and job training divisions, improving online, blended and face-to-face training programs, and working directly with business leadership and trainers to improve learner outcomes and job performance. Ellen lives and works in Maryland, where she was born and raised. About Grace Hill: For nearly two decades, Grace Hill has been developing best-in-class online training courseware and administration solely for the Property Management Industry, designed to help people, teams and companies improve performance and reduce risk. Contact Grace Hill at 866.472.2344 to hear more.

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Bill Aims To Set Rent Control Limits

Continued from Page 1

he still has some questions about various aspects of the bill, including how it will affect affordable housing. On balance, however, he supports the Legislature pursuing it, although he will reserve his final judgement until he sees the final version.

OREGON SENATE BILL 608

- Prohibits a landlord from terminating month-to-month tenancy without cause after 12 months of occupancy. Provides exception for certain tenancies on building or lot used by landlord as residence.
- Allows a landlord to terminate tenancy with 90 days’ written notice and payment of one month’s rent under certain conditions. Exempts landlord managing four or fewer units from payment of one month’s rent.
- Provides that fixed-term tenancy becomes month-to-month tenancy upon ending date if not renewed or terminated.
- Allows landlord to not renew fixed-term tenancy if tenant receives three lease violation warnings within 12 months during term and landlord gives 90 days’ notice.
- Limits rent increases for residential tenancies to one per year.
- Limits maximum annual rent increase to seven percent above annual change in consumer price index.
- Requires Oregon Department



of Administrative Services to publish maximum annual rent increase percentage.

"Just-cause [evictions] and rent control need to go hand-in-hand for either to be effective," Nicole B. Montojo, a housing research analyst at the University of California, Berkeley, told *Willamette Week*.

A landlord subject to rent control but not to restrictions on evictions could kick a tenant out for no reason and raise the rent, Montojo explains.

"If you had a just-cause [bill] but no rent control, the landlord could just raise the rent and force someone out."



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FORM OF THE MONTH
M048 OR-WA Utilities Set-Up
and Transfer Agreement



MULTIFAMILY NW
The Association Promoting Quality Rental Housing

UTILITIES SET-UP AND
TRANSFER AGREEMENT



DATE _____ PROPERTY NAME / NUMBER _____

RESIDENT NAME(S) _____

UNIT NUMBER _____ STREET ADDRESS _____

CITY _____ STATE _____ ZIP _____

MOVE-IN DATE _____

IMPORTANT--READ CAREFULLY!

Dear Future Resident:
It is our policy to require all incoming residents to personally contact the utility company(ies) to advise them of start-up of service. The utility company(ies) will also be notified to remove the property name from the temporary service as of the date of planned move-in. If you fail to contact them, you will have an interruption of service. You will be held responsible for the bill from the date you move in.
When you contact the utility company and make service arrangements, please obtain your new account number and list it below for Owner/Agent's records. Please return this sheet with the information. Without exception, this document will be required before your keys can be issued.
The following information may be helpful in making contact:

UTILITY COMPANY	PHONE	NEW ACCOUNT # (FUTURE RESIDENT FILL IN)
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Your efforts to take care of this matter in a timely way will greatly assist in the move-in process.

X
RESIDENT

DATE

X
RESIDENT

DATE

X
RESIDENT

DATE

X
RESIDENT

DATE

X
RESIDENT

DATE

X
RESIDENT

DATE

X
RESIDENT

DATE

X
RESIDENT

DATE

X
OWNER/AGENT

DATE

ADDRESS

TELEPHONE

EMAIL

☐ ON SITE

☐ RESIDENT

☐ MAIN OFFICE (IF REQUIRED)

This is a form to better structure move-ins to show which utilities service the rental, with the expectation that the approved applicants will contact the utility companies and set up accounts in their names as a prerequisite of signing the Rental Agreement and receiving keys. Ideally, this form would be distributed at the time the approved applicant signs the Agreement to Execute Rental Agreement form when an execution deposit is collected.

The Multifamily NW Forms Collection is available immediately and electronically at www.RentalFormsCenter.com, via electronic subscription software through www.tenanttech.com & by mail or pick-up of printed tripligate forms at www.multifamilynw.org.

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12-12:30PM
12:45-1:35PM
1:50-2:40PM
2:55-4PM

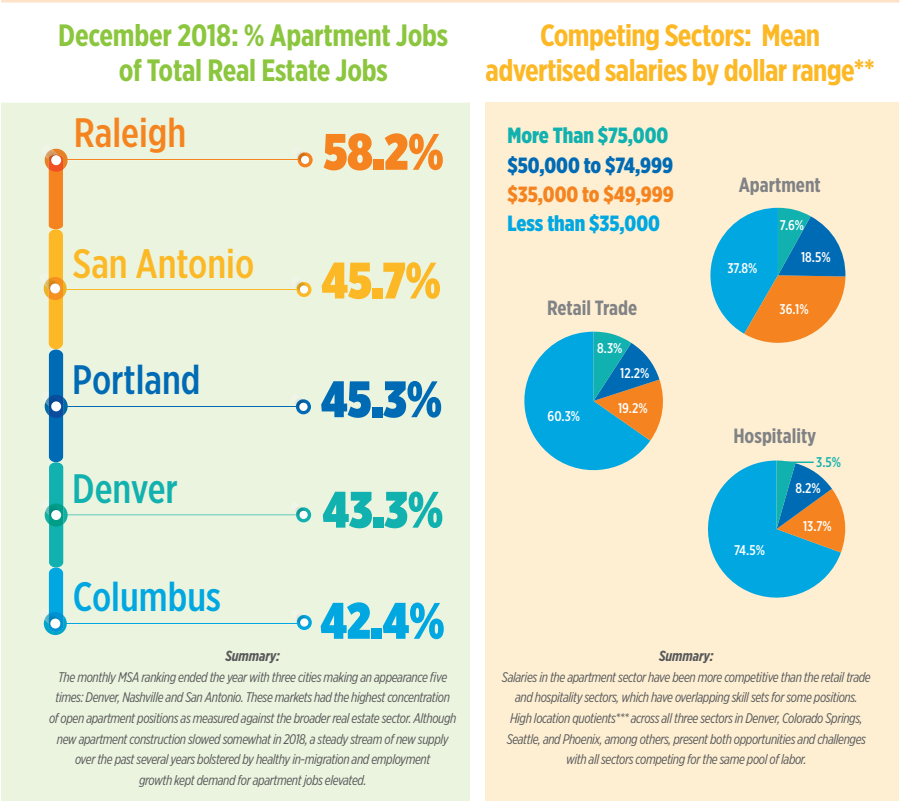
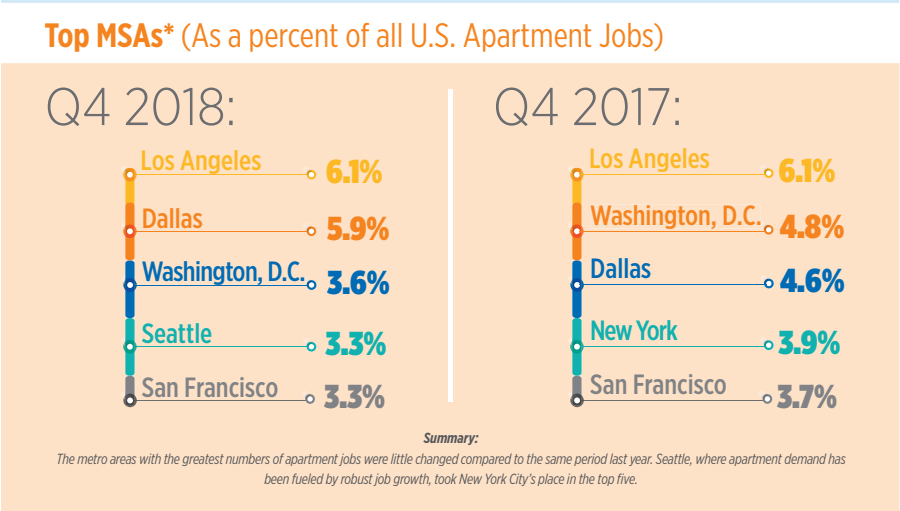
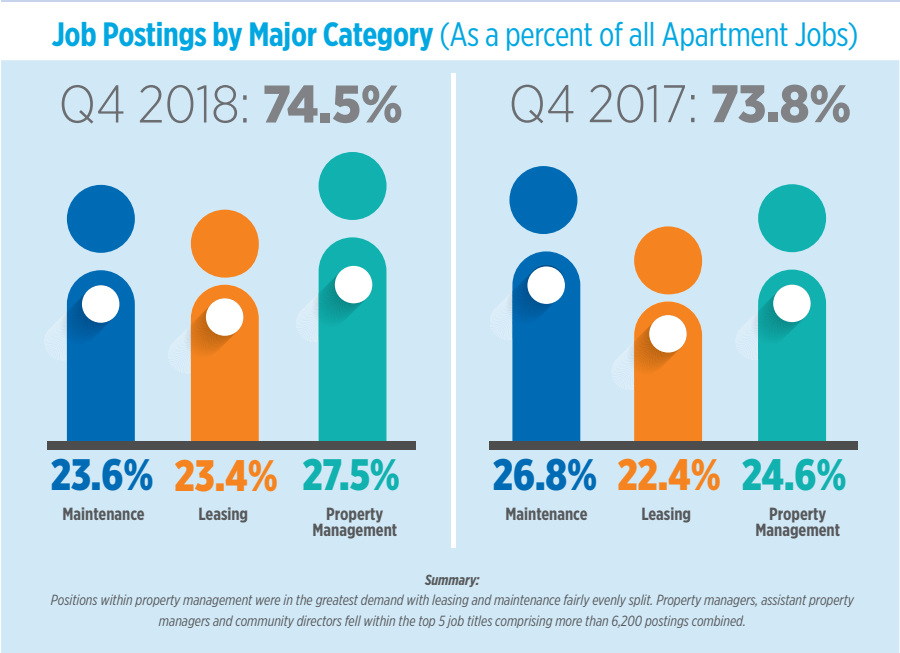
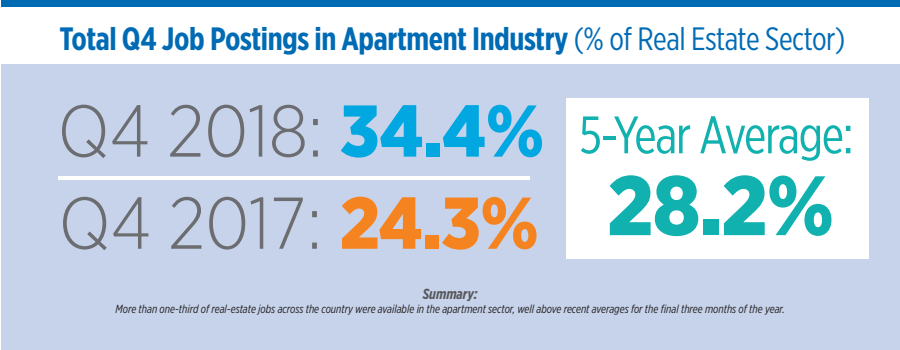
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FEB 8	IT'S THE LAW: PROTECTING YOUR ASSETS	12:00 PM - 1:00 PM
FEB 11	LANDLORD/TENANT PART II	1:00 PM - 5:00 PM
FEB 13	HR ISSUES: CREATIVE POSITIVE WORKPLACES	12:00 PM - 1:00 PM
FEB 20	CAM: MARKETING	9:00 AM - 4:00 PM
FEB 21	FAIR HOUSING FAIR EDUCATION CONFERENCE	8:00 AM - 4:00 PM
FEB 27	PEST CONTROL	1:00 PM - 4:00 PM
MAR 5	CAM: PROPERTY MAINTENANCE	9:00 AM - 3:00 PM
MAR 6	FAIR HOUSING 101	9:00 AM - 12:00 PM

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5



Should Landlord Put Up Security Cameras if Rental Property Has Been Burglarized?



A landlord who had a property burglary asks veteran landlord and property manager Hank Rossi about whether security cameras are required.

Dear Landlord Hank: If a rental property has been burglarized, is it the landlord's place to put up security cameras? - **Joyce**

Dear Landlady Joyce: It is the landlord's responsibility to have reasonable security at your property.

Usually that means locking doors and windows. You do not have to put up security cameras or use a home security system, as that would be something the tenant could pay for if they want it.

I would have the damaged door or window, where burglars gained entry, repaired today, so your tenant feels safe.

Does your tenant have renters insurance to pay for stolen items? It should be mentioned in your lease that you strongly urge tenants to have renters insurance.

At my apartment buildings I have the exterior well-lighted at night so tenants feel safe walking from their vehicles to their doors. Walkways and hallways are well-lighted as well.

If your place is a single-family home or duplex, you may want to make sure you have exterior lighting.

You could have a couple of flood lights on the corners of the property and on a motion detector. But if tenants don't keep the switch to that light on it won't work, and that would be tenant responsibility.

Don't be surprised if your tenant wants to move. Let them bring it up though.

They don't have the right to break the lease, unless you were somehow negligent, but you may want to consider letting them out of the lease.

Do you have a neighborhood watch? It is a great idea. And, the Neighborhood Watch sign alone is a deterrent.

Dear Landlord Hank: How do you decide how much you are going to raise rent for tenants in 2019? We have some leases coming up for renewal and



of course just got increases from our insurance company and taxes from the county and school district. How do you decide how much? - **Landlord Tim**

Dear Landlord Tim: When I have increases in fixed expenses I try, when possible, to pass along the entire cost to my tenants.

If your insurance went up \$300 and your taxes went up \$400, for example, that is \$700 increase total. If you divide that by 12 months it only comes out to \$58.33 per month over an annual lease.

That, to me, is very reasonable and I think most folks could handle that with no problem. I'd be open to discussion if a rent increase could be problematic for a tenant. I would rather not pursue an increase in rent if it is going to cost me a good tenant.

Vacancy costs and rehab costs will more than make up for the small amount of rent you aren't receiving from not increasing a good tenant's rent.

Dear Landlord Hank: Do you always use the same paint color throughout all your rentals or do you sometimes use different interior colors? We are considering an accent color on a wall in the living room, but do not want to offend potential tenants. - **Landlord Eileen**

Dear Landlord Eileen: I always try to use the same color throughout all my rentals. That is the most cost-effective and efficient way, for me. Sometimes I can get away with just touching up, and I always know what color I used last without having to keep track of which unit was painted what color, when.

I use an off-white color with bright-white trim. I often will have chair rails in my dining rooms and use a darker color below that complements the flooring, and

a lighter color above in the same color family. This requires some keeping track of paint colors and is often a pain, but I like the results, it's a warmer look and more inviting to me.

"Landlord Hank" Rossi started in real estate as a child watching his father take care of their family rentals in small-town

Ohio. As he grew, Hank was occasionally his dad's assistant. In the mid-'90s he decided to get into the rental business on his own, as a sideline. In 2001, Hank retired from his profession and only managed his own investments. A few years ago he and his sister started their own real estate brokerage, focusing on property management and leasing.

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Integrated Solutions at your fingertips

5 REASONS TO USE RENTTEGRATION

1. Access - Rentegration.com is a web based, multi-user software offering customers 24/7 access to forms generation, archives, property management data-base, basic accounting, vendor ordering and other services.


2. Rental and Lease Forms - Unlimited use of a full line of state specific rental and lease forms. All Rentegration.com forms are created by attorneys and/or local rental housing associations.

3. Simplified Accounting - Owners and managers can track income and expense for each unit, property and company. Perfect for mid and small size property managers and independent rental owners, who neither have the need or budget for larger, more expensive software.

4. Management Database - Rentegration.com is an easy to use, database driven software. Most form fields are auto populated from the database. The modules are all integrated and work together. For example, a customer can use the rent-roll function to identify all delinquencies, apply fees, and create eviction forms with a few simple clicks of the mouse.

5. Value - Large property management companies that use Rentegration.com for only forms generation will save time and money over other methods. Mid and small size property managers and independent rental owners can manage their entire business at a fraction of the cost of other software and forms.

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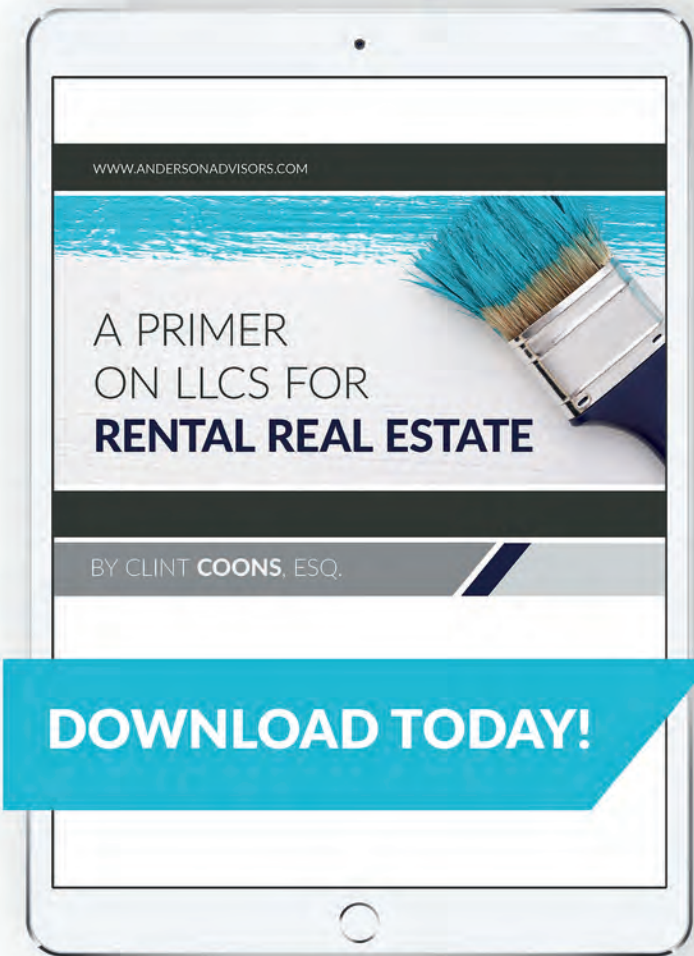
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Rental House:

- ✓ *Pick up paint*
- ✓ *Order replacement window*
- ✓ *Check smoke detectors*
- ✓ ~~*Hire an attorney to make sure we're not overlooking anything important in our leases*~~
- ✓ *Read Clint Coons' eBook!*



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